# Unit Quiz

Name: Date: / 20

## PART A · MULTIPLE CHOICE (1 MARK EACH)

**1.** In the 50/30/20 budget, the "20" is for:

A. Wants and entertainment
B. Rent and groceries
C. Saving and paying down debt
D. Taxes

**2.** "Living within your means" means:

A. Never spending on fun
B. Spending less than you earn
C. Using credit for everything
D. Only buying on sale

**3.** Paying a credit-card balance in full every month means you:

A. Pay lots of interest
B. Pay no interest — using it as a free tool
C. Hurt your credit score
D. Earn interest from the bank

**4.** Which most helps build a strong credit score?

A. Maxing out your card each month
B. Paying on time and keeping balances low
C. Opening many cards at once
D. Never using any credit ever

**5.** Which is generally "good debt"?

A. A payday loan for concert tickets
B. A credit-card balance for clothes
C. A student loan for a credential
D. An overdraft for takeout

6. For most young adults just starting out, a sensible *first* registered account is the:

   A. RRSP
   B. TFSA
   C. None — use a chequing account
   D. A US brokerage account

7. The biggest reason to start investing young is:

   A. Stocks are cheaper when you're young
   B. Compounding has more time to work
   C. Young people pay no tax
   D. Fees are lower under 25

8. "Price is what you pay; value is what you get" means:

   A. Price and value are always equal
   B. A stock's price can differ from what the business is worth
   C. Only the price matters
   D. Value is set by the stock exchange

## PART B · SHORT ANSWER (2 MARKS EACH)

9. Explain the difference between **good debt** and **bad debt**, with one example of each.

10. Name the three registered accounts (TFSA, FHSA, RRSP) and give one goal that best fits each.

## PART C · APPLY IT

11. (2 marks) A friend has $1,000 in savings and a $1,000 credit-card balance charging 20% interest. What should they do with the $1,000, and why?

12. (2 marks) In your own words, what is a **margin of safety** in investing, and why does buying below your estimate of value protect you?

Facilitators: an answer-key version of this quiz is available free on request — email travisvaluation@gmail.com.